Australian Government

Coal Mining Industry
(Long Service Leave Funding) Corporation

2015 ANNUAL REPORT

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Australian Government

Coal Mining Industry (Long Service Leave Funding) Corporation

6 October 2015

Senator the Hon. Michaelia Cash
Minister for Employment
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to present to you the Annual Report for the Coal Mining Industry (Long Service Leave Funding) Corporation for the year ended 30 June 2015 which marks the twenty-third (23rd) year of the Corporation's administration of long service leave funding in the Australian black coal mining industry.

The Board of the Corporation continues to monitor and review the investment strategy of the Fund with the assistance of the external asset consultant and together we are confident that the Fund will record modest and sustainable investment returns in the long term.

It is again pleasing to report that the Corporation continues to administer the reimbursement of employer long service leave payments in accordance with the legislation, has properly recorded its activities in the accompanying Annual Report and exercised due governance in discharging its responsibilities to the satisfaction of the Australian National Audit Office.

I also thank all current Directors for their contribution and support over the year and look forward to continuing to work with them through the next phase in the Corporation's history.

Finally, on behalf of the Board I thank officers of your Department, the Secretary and the staff of the administrator for their efforts over the past year.

A J Weston

A J Weston
Chairman

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INTRODUCTION

Established by the Coal Mining Industry (Long Service Leave) Administration Act 1992 (The Act), the Coal Mining Industry (Long Service Leave Funding) Corporation (The Corporation) is responsible for the administration of the Coal Mining Industry Long Service Leave Fund (The Fund).

The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal mining industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.

The Coal Mining Industry (Long Service Leave) Payroll Act 1992, and the Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992, enable:

- the raising of levies by the Commonwealth on employers of persons employed in the black coal mining industry; and
- appropriations to the Fund to form assets from which these reimbursement payments are made.

This centralised method of funding long service leave payments was created to fund the liability of employers given the entitlement to long service leave for employees in the industry is based upon 'industry service' rather than service with any single employer.

GENERAL COMMENTARY

THE CORPORATION

The Corporation is a body corporate established by the Act. It has a Board of six (6) Directors to manage the administration of the Fund who are appointed by the Minister for Employment, and hold office on a part-time basis.

One Director is to be appointed to represent the companies engaged in black coal mining in New South Wales or Tasmania.

One Director is to be appointed to represent the companies engaged in black coal mining in Queensland.

One Director is to be appointed to represent companies engaged in black coal mining in Western Australia.

Two Directors are to be appointed to represent the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union.

One Director is to be appointed to represent the following organisations:

(a) the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia;

(b) the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union;

(c) the Association of Professional Engineers, Scientists and Managers Australia;

(d) the Colliery Officials Association of New South Wales;

(e) the Mine Managers Association of Australia.

A Chairman and Deputy Chairman are appointed by the Board of Directors, alternatively, from the employer and employee representative Directors.

DIRECTORS OF THE CORPORATION

There were a total of six (6) meetings of the Board of the Corporation convened during the year.

Particulars of each of the appointed Directors in this current year are as follows, with their attendance at each of these meetings convened during the term of their appointment shown thus "(/)".

1 Nominated by Employers in the Black Coal Mining Industry

- Mr Arthur Weston (7/7)
  Chairman
  (Reappointed 1 March 2012 for a 4 year term)
- Mr Steven Reynolds (3/3)
  (Resigned 31 December 2014)
- Mr Kieren Turner (7/7)*
  (Resigned 20 June 2015)
- Mr Bradley Neven (2/3)
  (Appointed 14 April 2015 for a 4 year term)

** subsequent to year end Mr Martin Aicken appointed 30 July 2015 for a 4 year term*

2 Nominated by Unions Representing Employees in the Black Coal Mining Industry

- Mr Andrew Vickers (5/7)
  (Reappointed 26 July 2013 for a 4 year term)
- Mr Grahame Kelly (7/7)
  (Resigned 18 June 2015)
- Mr Glenn Hall (7/7)
  (Appointed 30 May 2013 for a 4 year term)

COMMITTEES

The Board continues to maintain a high level of corporate governance over financial management and investment performance consistent with best practice, through its Audit Risk and Compliance, Investment and Transitional Service Review Committees, independent internal audit and regular actuarial reviews of the financial standing of the Fund.

During the year in complying with Government's direction, the Board continued its appointment of an independent member to the Audit Committee.

Also during the year the Board appointed an independent financial advisor to the Investment Committee.

ADMINISTRATION

Mine Wealth & Wellbeing Services Pty Ltd (formally AUSCOAL Services Pty Ltd) acted for the Corporation in the administration and collection of levies and the payment of reimbursements.

Mine Wealth & Wellbeing Services Pty Ltd is also the administrator of coal industry superannuation scheme and serves substantially the same employers and employees as are subject to the long service leave legislation administered by the Corporation. We believe that the close synergy between these administrations also continues to produce efficiencies and a benefit in administration costs to the Corporation. The Corporation periodically tests the costs of administration provided by Mine Wealth & Wellbeing Services Pty Ltd against the general marketplace to ensure they remain cost-effective.

MANAGEMENT

The Directors have established the Corporation's affairs on sound principles of commercial management.

The administration of the Corporation is carried out under contract. A Secretary to the Corporation is also engaged under contract to undertake the secretariat and treasury functions related to the administration of the Corporation as a body corporate and oversee the investment of the assets of the Fund.

Specialist services such as Internal Audit, Actuarial Services, Legal Counsel and Asset Consultant are all retained under contract on an 'as required' basis.

The basis of management is determined by the governing legislation and the Governance and Policy Framework. The Governance and Policy Framework incorporates Investment Policy Investment Strategy, for the investment of the assets of the Fund.

MISSION STATEMENT

To facilitate the payment of long service leave entitlements to persons employed in the Australian black coal mining industry by ensuring, by virtue of the powers vested in the Corporation, that:

1 Sufficient funds are provided by employers by way of levy to finance the cost of this liability

2 Proper records of individual entitlement is kept

3 Employers are properly reimbursed for authorised payment of long service leave

The Corporation undertakes to fulfil this mission in the most efficient and cost effective manner.

OBJECTIVES

PRIMARY OBJECTIVES

The primary objectives of the Corporation are to:

(a) manage the collection of levies payable by employers on behalf of the Commonwealth and promptly remit these collections to Consolidated Revenue;

(b) ensure that a proper record of individual entitlement is kept;

(c) promptly reimburse employers for properly approved payments of long service leave to their employees;

(d) advise the Minister (with the assistance of a consulting actuary) on the setting of the rate of levy to be paid by employers sufficient to provide (invested) assets in the Fund to meet the estimated liability for future reimbursements payments to employers.

Monthly levy payments by employers are due to be received by the Corporation no later than twenty eight (28) days after the month end. All collections of levies are remitted to Consolidated Revenue no later than the first business day of the month following receipt. Outstanding (overdue) levies are monitored and additional levies imposed in accordance with the provisions of the legislation and Board Policy.

OTHER OBJECTIVES

(a) Ensure the activities of the Corporation are carried out in compliance with Statutes;

(b) Ensure the Corporation and its Directors/Agents/Officers properly discharge the obligations of the Corporation under the Coal Mining Industry (Long Service Leave) Administration Act and associated Legislation;

(c) Ensure the Corporation properly discharges its legal liability and obligations to the Australian Government, Employers and Eligible Employees in the Australian Black Coal Mining Industry;

(d) Ensure that sufficient funds are raised by way of levy as provided in the legislation to fully fund the liability for payment of Long Service Leave to eligible employees in the Australian Black Coal Mining Industry according to their entitlements;

(e) Ensure that, on the recommendation of the Consulting Actuary, the amount of levy be set as a percentage of “eligible wages” to be sufficient to finance the cost of current and future accrued entitlements;

(f) Minimise the amount to be raised to meet the cost of long service leave payments by way of levy on employers by the prudent investment of funds;

(g) Ensure that all levies due and payable are remitted to the Corporation promptly and when appropriate, additional levies are imposed on those employers failing to make levy;

(h) As payments of long service leave (and consequential reimbursements to employers by the Corporation) are based upon qualifying periods of employment service in the black coal mining industry, which often entail the aggregation of several shorter periods of employment with a number of employers it is therefore necessary that qualifying periods of employment be independently recorded and collated in a central registry. Such a registry is to be maintained by the Corporation to ensure that this central record of employment in the black coal mining industry is collated from information provided by employers and regularly verified. Additionally, post 1 January 2012 the Corporation is required to create and maintain “notional accounts” in respect of eligible employees for the purpose of reimbursing employers under the Reimbursement Rules;

(i) The investment policy includes an investment strategy designed to optimise the risk/return ratio over the medium to long term with investments in Australian and Overseas securities by appointed professional investment managers. These are monitored on behalf of the Corporation by an Asset Consultant and all investments are held for security by and in the name of an independent Master Custodian;

(j) Because this investment strategy is directed towards “medium to long term” returns, it is not adjusted or amended in the shorter time periods to anticipate likely market “corrections” but takes account of the short term volatility of financial markets in the setting of investment return objectives;

(k) The Corporation is required by the provisions of the Public Governance, Performance and Accountability Act 2013 (“PGPA”) Act to publish an Annual Report;

(l) The Corporation is required by the provisions of the PGPA Act to prepare and publish a Corporate Plan;

(m) The Corporation and the Administrator regularly communicates with employers and “eligible employees” engaged in the black coal mining industry;

(n) To enhance communication the Corporation has established and maintains its own website. www.coallslcorp.com.au

(o) Compile and maintain financial accounts and associated records in accordance with convention and appropriate accounting standards at all times;

(p) Produce timely periodic reports to inform the Government and those parties directly concerned with the management of the liability for payment of long service leave of the financial affairs of the Corporation and the performance of the Corporation in the discharge of its Statutory Duty;

(q) The Corporation will promptly advise of long service leave entitlement and issue authority to employers with respect to application for long service leave payments;

(r) Reimbursement payments to employers will be provided in terms of the Reimbursement Rules.

OBJECTIVES CONT

ACTUARIAL REVIEW

The legislation requires that the Fund be subjected to periodic actuarial reviews and the rate of levy payable by employers be set having regard for the findings of these reviews as to the estimated future liabilities and the adequacy of the invested assets to meet these liabilities as and when they fall due. During the year an actuarial review as at 30 June 2014 was completed.

Following consideration of the review and the actuarial recommendations the Board of Directors reaffirmed that the levy rate on eligible wages remain at 2.7% and that the Administration Fee of 0.1% reduced to nil for all levies paid in respect of the months July 2015 and thereafter, until further notice.

PROFESSIONAL ASSISTANCE TO THE CORPORATION

Following the establishment of the Corporation in 1992, Directors made the decision that to contract the administration of the Fund would be more cost-effective than maintaining its own administration.

They have likewise contracted professional services in the areas of Legal Counsel, Internal Auditing, Actuarial Services, Investment Consultancy and Secretarial Support. The Corporation does not employ any staff.

PUBLICATIONS

In accordance with the guidelines for the preparation of Annual Reports by Commonwealth Government Authorities, the Directors of the Corporation advise that a number of "Employer and Employee Information Brochure" publications continued to be issued by the Corporation during the period of this Annual Report.

FREEDOM OF INFORMATION

The Corporation has been advised that as it is an entity of the Commonwealth, it is subject to the provisions of the PGPA Act and the requirements of the "Freedom of Information" legislation of the Commonwealth.

During the year of this report the Corporation did not receive any requests for information under these provisions.

COMPLIANCE

The Corporation is committed to maintaining the highest standards of best practice and good governance. To this end, it requires contracted providers of out-sourced services to accept compliance with these standards as a condition of contract, and monitors this compliance during the term of the contract.

Additionally the Corporation is satisfied that there are adequate fraud control measures in place to comply with the Commonwealth Fraud Control Guidelines.

To comply with a Continuing Order of the Senate (The Harradine Motion) the Corporation has continued to maintain its own website www.coallslcorp.com.au

FINANCIAL

The Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with notes thereto and the Auditor's Report thereon are presented with this Report.

The Statement of Financial Position records the full value of accrued liability for reimbursement of long service leave payments.

2015/2016 BUDGET

The Corporation anticipates the following receipts and payments for the 2015/2016 financial year assuming the rate of levy payable by employers remains at 2.7% (of ‘eligible wages’).

2015/2016 Budget Receipts & Payments		$’M
Appropriations from Consolidated Revenue* (* from collections of levy payments by employers)		150
Earnings from Investment		90
		240
LESS		
Reimbursement payments to employers	160	
Operating Expenses	6	
		166
Net Increase in Assets		**74**

INVESTMENT

INVESTMENT OBJECTIVES

The Corporation has the following three objectives:

1. The broad investment objective of the Corporation is to maximize the long-term investment return, subject to constraints aimed at containing fluctuations in returns over shorter periods within acceptable limits, to accommodate “liquidity risk”.
2. More specifically, the objective is to obtain a net return from investment that exceeds inflation, as measured by the Consumer Price Index, by at least 4% per annum over rolling five year periods.
3. The Corporation’s assets be invested such that there is less than a 1/3 probability of the employer levy recommended by the actuary rising above 2.7%p.a.

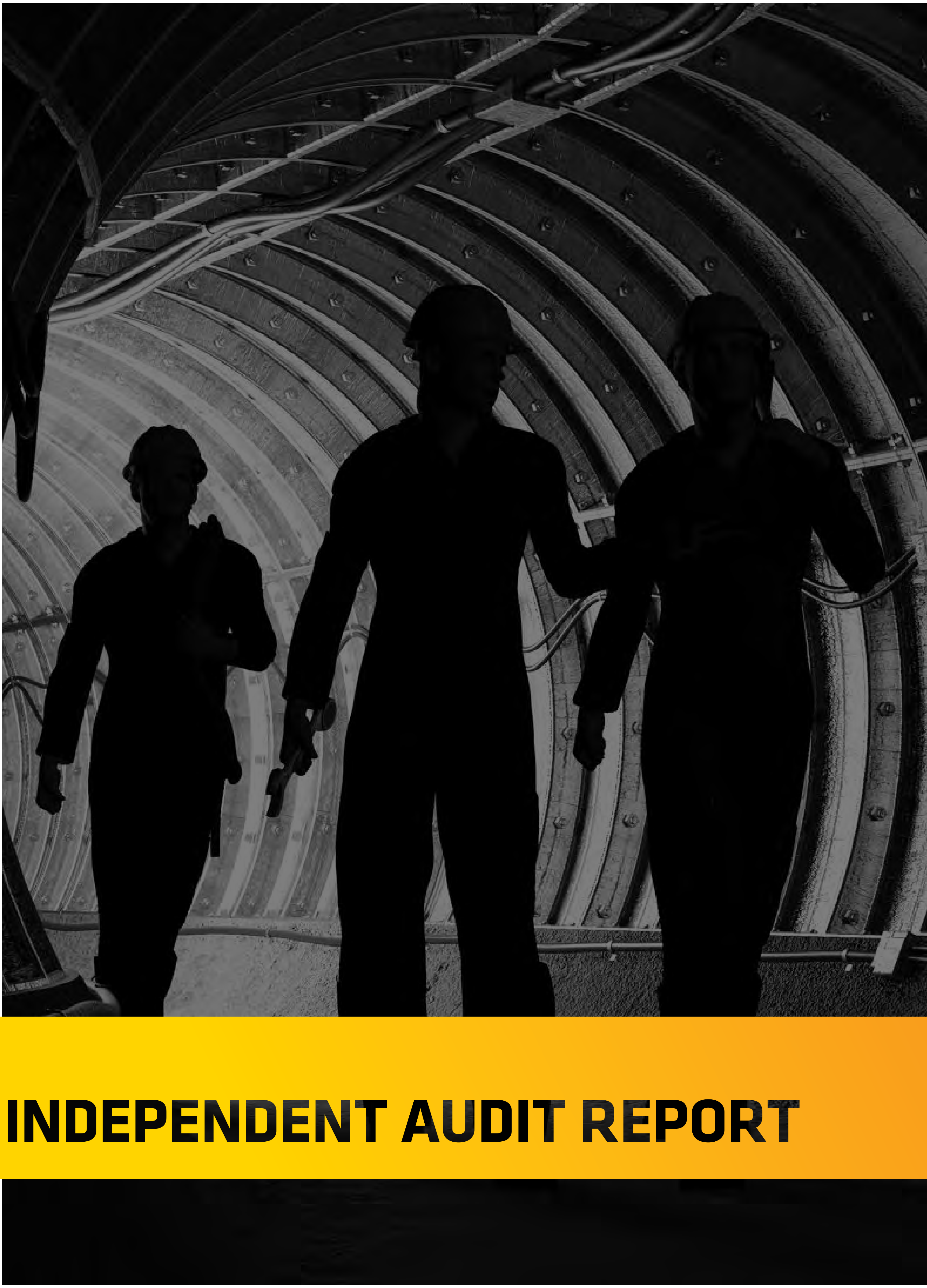
In setting the strategy, the Board has had regard to the historical and expected future rates of return on various classes of asset (including equities, fixed interest, property, various alternative assets and cash). It recognises that whilst return seeking assets (e.g. equities and growth alternatives like property) are expected to yield a higher return over the longer term than risk diversifying assets (e.g. fixed interest and cash). The associated volatility is higher, increasing the likelihood of poor or negative returns over shorter time frames.

The setting of an investment strategy consistent with this policy is determined by the Board with the assistance of an Asset Consultant – Towers Watson.

The Corporation has contracted with the following investment managers for the investment of the assets of the fund, consistent with its Investment Policy/Strategy:-

Manager	Type (Asset Class) of Investment
AMP Capital Investors	Global Listed Property
State Street Global Advisors	Overseas (Ex. Aust.) Equities
Vanguard Asset Management	Overseas (Ex. Aust.) Equities
Hyperion	Australian Equities
QIC	Australian Inflation Linked Bonds
Macquarie Funds Group	Australian Equities
PIMCO Global Fund	Overseas (Ex. Aust.) Bonds
Lazard (Aust) Asia Pacific Fund	Australian Equities
Stone Harbor	Emerging Markets
Brigade	Multi-Strategy Alternative Credit
K2 Advisors	Hedge Fund
QIC	Australian Fixed Interest
Bridgewater	Risk Parity
Artisan	Overseas (Ex. Aust.) Emerging Market Equities
Palisade	Unlisted Infrastructure
AMP Capital Wholesale Office Fund	Unlisted Property
Schroders Global Bond Fund	Overseas (Ex. Aust.) Bonds
J P Morgan Cash Account	Cash

The following returns have been achieved in the last five (5) years (ending 30 June)-				
2015	**2014**	**2013**	**2012**	**2011**
7.28%	13.13%	14.81%	4.35%	12.98%
This represents an annual average return of 10.51% with an average real rate of 8.18% (i.e. after adjustment for movement in inflation – CPI).				



INDEPENDENT AUDIT REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

I have audited the accompanying annual financial statements of the Coal Mining Industry (Long Service Leave Funding) Corporation for the year ended 30 June 2015, which comprise:

- Statement by the Directors and Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Directors Responsibility for the Financial Statements

The Directors of the Coal Mining Industry (Long Service Leave Funding) Corporation are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Directors are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

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audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Coal Mining Industry (Long Service Leave Funding) Corporation:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Coal Mining Industry (Long Service Leave Funding) Corporation as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

John Jones
Executive Director
Delegate of the Auditor-General
Canberra
6 October 2015

FINANCIAL STATEMENTS

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STATEMENT BY DIRECTORS AND SECRETARY

In our opinion, the attached financial statements for the year ended 30 June 2015 of the Coal Mining Industry (Long Service Leave Funding) Corporation (the "Corporation") are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the Public Governance, Performance and Accountability Act 2013, as amended.

In our opinion, at the date of this statement there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the Directors.

A Weston
Chairman

A Vickers
Deputy Chairman

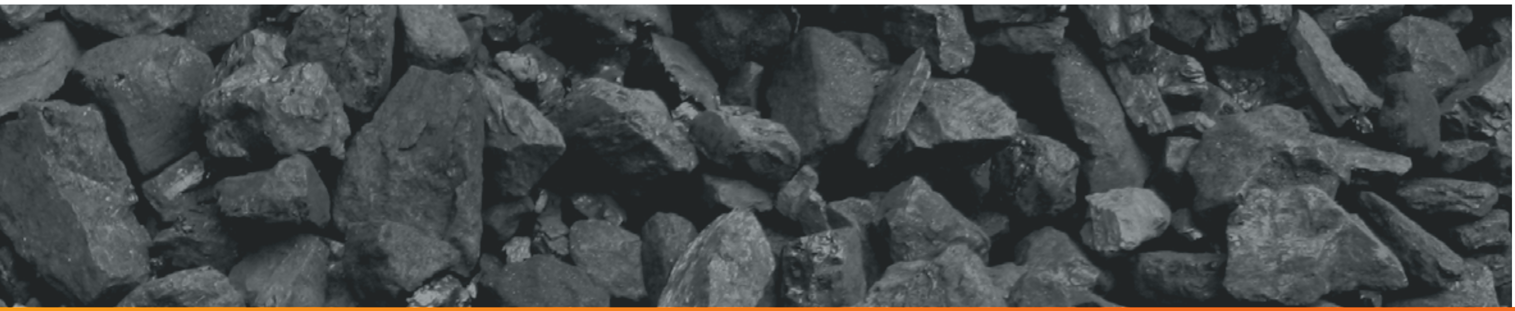
R Hamilton
Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
EXPENSES			
Changes in fair value of investments	4(c)	**13**	46
Professional services	4(d)	**2,296**	2,316
Director's remuneration and expenses	4(e)	**164**	149
Administration expenses	4(f)	**3,558**	3,335
Other expenses		**210**	104
Increase in provision for reimbursements	8, 1.2	**172,129**	252,923
Total Expenses		**178,370**	258,873
REVENUES			
Investment Revenue	4(b)	**98,944**	154,014
Total Owned Sourced Revenue		**98,944**	154,014
Net Cost of Services		**(79,426)**	(104,859)
Revenues from Government	4(a)	**158,607**	169,838
Surplus on Continuing Operations		**79,181**	64,979
Surplus Attributable to the Australian Government		**79,181**	64,979

The above statement should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5	**39,691**	46,593
Investments	7	**1,404,073**	1,309,213
Other Assets	6	**2,014**	932
Total financial assets		**1,445,778**	1,356,738
Total assets		**1,445,778**	1,356,738
LIABILITIES			
Trade payables		**245**	605
Other payables		**215**	-
Provisions	8	**1,220,661**	1,210,656
Total liabilities		**1,221,121**	1,211,261
Net assets		**224,657**	145,477
EQUITY			
Retained Surplus		**224,657**	145,477
Total Equity		**224,657**	145,477

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Total Retained Earnings/(Accumulated Deficit) at the beginning of the financial year		**145,477**	80,498
Net surplus for the period		**79,181**	64,979
Total Retained Earnings at the end of the financial year		**224,657**	145,477
Closing Balance Attributable to the Australian Government		**224,657**	145,477

The above statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash Received			
Investment income		**56,435**	45,232
Receipts from Government		**158,607**	169,838
Net GST received		**556**	476
		215,598	215,546
Cash used			
Reimbursements to employers		**162,124**	122,832
Administration expenses		**3,558**	3,321
Investment expenses		**1,850**	1,584
Other expenses		**1,617**	1,432
		169,149	129,168
Net cash flow from operating activities	5	**46,449**	86,378
INVESTING ACTIVITIES			
Cash Received			
Sale of investments		**125,368**	53,015
		125,368	53,015
Cash used			
Purchase of investments		**(178,719)**	(149,923)
		(178,719)	(149,923)
Net cash flow from investing activities		**(53,351)**	(96,908)
Net increase/(decrease) in cash held		**(6,902)**	(10,530)
Cash at the beginning of the reporting period		**46,593**	57,123
Cash at the end of the reporting period	5	**39,691**	46,593

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS
As at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Other commitments	66,892	–
Commitments receivable	–	–
Net commitments	66,892	–
BY MATURITY		
Other commitments		
One year or less	–	–
From one to five years	66,892	–
Over five years	–	–
	66,892	–
Commitments receivable	–	–
Net commitments	66,892	–

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF CONTINGENCIES

As at 30 June 2015

	2015 **$'000**	2014 $'000
Contingent assets		
Other contingencies	**–**	–
Total Contingent assets	**–**	–
Contingent liabilities		
Claims for long service leave	**–**	-
Total Contingent liabilities	**–**	–
Net Contingent assets/(liabilities)	**–**	–

The above statement should be read in conjunction with the accompanying notes.

Included in the provision for reimbursements at 30 June 2015 is a liability of $9m (30 June 2014 $30.5m) which is an estimate of future expected claims from eligible Coal Mining Industry employees as a result of the Transitional Service Review (please refer to note 8 for further detail). Recognition of a contingent asset for unallocated levies in arrears was not made because at balance date a reliable estimate could not be determined (please refer to note 10 for further detail).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of the Financial Statements

The financial statements are required by section 42 of the Public Governance, Performance and Accountability Act 2013 and are a general purpose financial report.

The continued existence of the Coal Mining Industry (Long Service Leave Funding) Corporation, ("the Corporation") in its present form is dependent on Government policy and on continuing appropriations by Parliament for the Corporation's administration. The Corporation is a not-for-profit entity.

The financial statements have been prepared in accordance with:

- Financial Reporting Rules (FFRs) for reporting periods ending on or after 1 July 2014; and,
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accruals basis in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related and actual results. The estimates and assumptions for the provision of reimbursements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Corporation provides reimbursements to employers for the long service leave entitlements of their employees when leave is taken. This provision for reimbursement is in accordance with the accounting policy stated in Note 1.15. By its nature, the value of the provision is calculated based on estimates of salary growth as well as the probability that the employee will be entitled to the liability, discounted to the present value. These assumptions are reviewed at least annually, taking into account the most recent available infomation.

1.3 New Australian Accounting Standards

Adoption of new Australian Accounting Standards
No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations that have been issued by the Australian Accounting Standards Board are considered to have a material impact on the Corporation.

Future Australian Accounting Standard requirements
Of the new standards, amendments to standards or interpretations issued by the Australian Accounting Standards Board that are applicable to future reporting periods, the following standard has been assessed however it is not expected to have a significant impact on the financial statements:

- AASB 9 Financial Instruments effective for reporting periods on or after 1st January 2018.

1.4 Taxation

The Corporation is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

1.5 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Corporation.

(a) Investment Revenue
Interest income is recognised as it accrues using the effective interest method of the instrument. Dividend and distribution income is recognised when the right to receive a dividend/ distribution has been established. Fair value gains are recognised as unrealised when the investment is still held at balance date or as realised when the investment has been disposed during the financial year.

(b) Revenues from Government
Revenues from Government are recognised to the extent they have been received into the Corporation's bank account. The Corporation collects a levy paid by employers in a levy collection account. The levy is transferred to Consolidated Revenue and is appropriated back from Consolidated Revenue on a monthly basis. This levy account is not recognised as revenue until it is appropriated back from Consolidated Revenue and paid to the Corporation as it is not controlled by the Corporation until this appropriation occurs. At 30 June 2015 the balance in this levy account was $13,131,571 (2014: $15,458,899) and this amount was remitted on 1st July 2015 to Consolidated Revenue (refer to Note 3 for further details).

1.6 Cash

Cash and cash equivalents means cash on hand and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount. Cash and cash equivalents include:

a) cash on hand; and

b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.7 Financial Assets

(a) Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss where the asset:

- Have been acquired principally for the purposes of selling in the near future;
- Is part of an identified portfolio of financial instruments that the Corporation manages together and has a recent pattern of short term profit taking; or

- Is a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss recognised incorporates any interest earned on the financial asset.

(b) Loans and receivables
Trade receivables and other receivables, that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

1.8 Financial Liabilities

Financial liabilities are recognised and derecognised on trade date.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in the Statement of Comprehensive Income. The net gain or loss recognised incorporates any interest paid on the financial liability.

1.9 AASB 13

AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the financial statements.

1.10 Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at balance date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, references to the current fair value of other instruments that has substantially the same characteristics, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.The Corporation may have derivative financial instruments in place from time to time by virtue of an active mandate with an investment manager. Active investment managers may utilise derivatives to ensure they comply with the mandated strategy approved by the Corporation. The Corporation itself does not invest in derivatives directly and expects that investment managers utilise derivatives in the short term only.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Corporation would receive or pay to transfer a liability of the contract at the balance date before taking into account current market conditions and the creditworthiness of the counterparties.

Investments in unlisted unit trusts are recorded at the exit price as reported by the managers of such trusts.

It is a requirement of all managers that if derivatives are utilised, any such derivatives are fully cash backed.

1.11 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

1.12 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date. If there is objective evidence that an impairment loss has been incurred for loans and receivables held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent Asset are disclosed when settlement is probable, but not virtually certain and contingent liability are disclosed when settlement is greater than remote.

1.15 Provision for Reimbursements

At 30 June 2015 the accrued liability (up to 31 December 2011) was calculated using the total hours of service expected to qualify for long service leave payment and multiplied by the average hourly rate for each full time employee and the average hourly rate for all other employees and brought into the accounts as a provision. From 1 January 2012, legislation established a notional account for each employee where appropriation is made by government and that amount, together with earnings, is credited to the members' notional account. The total accrued liability is reviewed based on the estimates of salary growth, the probability that the employee will be entitled to the liability, discounted to its present value where period of qualifying service is less than 8 years. The accrued liability as at 30 June 2015 is estimated to be $1,221 million (2014 - $1,210 million).

The legislation provides that the Corporation be subjected to periodic actuarial reviews and the rate of levy payable by employers be set such as would provide for the Fund to be fully-funded.

As a result of the actuarial review at 30 June 2014 the Board of Directors reaffirmed that the levy rate for eligible wages is 2.7%.

1.16 Going concern

The Corporation is legally separate from the Commonwealth and is ultimately responsible for all its own debts.

Commonwealth authorities are legally separate from the Commonwealth, but as the Australian Government is solely responsible for their creation and operation they are ‘wound up’ only when the government decides that all their functions are to be performed by another body or are not to be performed at all.

2. ACTIVITIES

a) *Enabling Legislation*
The Corporation was established by the *Coal Mining Industry (Long Service Leave) Administration Act 1992.*

b) *Segment Reporting*
The sole activity of the Corporation is the receipt of appropriations from the Commonwealth Government from levies paid by employers and the reimbursement to employers for long service leave payments made to eligible employees employed in the Australian Black Coal Mining Industry. The Corporation is responsible for the collection and remittance of levies to Consolidated Revenue on behalf of the Commonwealth.

3. FUNDING

During the period 1 July 2014 until 30 June 2015 levies payable by employers under the provisions of the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992,* were calculated at 2.7% of “eligible wages” as defined by the Act (refer Note 9).

4. STATEMENT OF COMPREHENSIVE INCOME	2015 $'000	2014 $'000
(a) Revenues from Government		
Revenues from Government		
– Levy collections from employers	**158,607**	169,838
– Interest	**–**	–
Revenue from Government is recognised at the time the Corporation becomes entitled to receive the revenue.	**158,607**	169,838
(b) Investment Revenue		
Dividends	**2,987**	3,115
Unit Trust Distributions	**52,393**	39,743
Deposit Interest	**1,134**	1,973
Investment manager fee rebates	**909**	704
Investment revenue arising from changes in fair value (investments held at reporting date)	**41,521**	108,479
	98,944	154,014
c) Investment Expenses		
Investment losses arising from changes in fair value (assets held at reporting date)	**–**	43
Net realised losses on sale of investments	**13**	3
	13	46
(d) Professional Services		
Rendering of Services – External Parties	**2,296**	2,316
Remuneration of Auditors		
Amounts received, or due and receivable by: *Australian National Audit Office* – audit of the Financial statements for the reporting period.	**70**	65
	70	65

4. STATEMENT OF COMPREHENSIVE INCOME (CONT.)	2015 $'000	2014 $'000
(e) Directors' Remuneration and Expenses		
The remuneration of Directors is by way of a daily fee for part-time holders of public office as determined under Part 6 of the determination of the (Commonwealth) Remuneration Tribunal. Directors are also entitled to reimbursement for expenses incurred in travelling to/from meetings and in the conduct of business directly related to the affairs of the Corporation as approved.		
Remuneration received or due and receivable by Directors	**63,526**	57,387
Directors expenses	**100,490**	91,959
	164,016	149,346
The number of directors included in these figures are shown below in the relevant remuneration bands:		
– $ Nil - $14,999	**4**	6
– Greater than $14,999	**2**	–
(f) Administration Expenses		
Administration fees	**3,558**	3,335

5. CASH FLOW RECONCILIATION	**2015 $'000**	2014 $'000
Reconciliation of Net Cost of Services to the Net Cash from Operating Activities		
Net Cost of Services	**(79,426)**	(104,859)
Add revenue from Government	**158,607**	169,838
Net investment (gains) / losses	**(41,509)**	(108,433)
(Increase)/decrease in other current assets	**(1,082)**	(350)
Increase/(decrease) in supplier payables	**(146)**	90
Increase/(decrease) in provision for reimbursements	**10,005**	130,092
Net cash from operating activities	**46,449**	86,378
Reconciliation of Cash		
Cash at Bank – CBA	**38,024**	45,250
Deposits at Custodian	**1,667**	1,343
Total Cash	**39,691**	46,593
Cash and cash equivalents shown in Cash Flow Statement	**39,691**	46,593

For the purpose of the Cash Flow Statement, cash includes cash at bank and investments in short term deposits and discounted commercial bills that are readily convertible to cash.

6. OTHER ASSETS	2015 $'000	2014 $'000
Accrued income from investments	**1,816**	764
Accrued bank interest	**73**	118
GST paid and claimable	**124**	50
Other assets	**1**	–
Total other assets	**2,014**	932

All other receivables are current receivables.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	2015 $'000	2014 $'000
(a) Investments		
At the beginning of the year	**1,309,213**	1,103,985
Purchases	**178,719**	149,810
Sales	**(125,368)**	(53,015)
Realised and unrealised gains/(losses)	**41,509**	108,433
At end of year	**1,404,073**	1,309,213

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT.)	**2015** **$'000**	2014 $'000
(b) As at 30 June 2015, a total of $1,409 million (2014: $1,313 million) from the assets of the Coal Mining Industry Long Service Leave Fund was invested by the Corporation with the appointed fund managers, in accordance with the approved Investment Policy in the following portions:		
AMP Global Listed Property	75,973	69,268
State Street Global Advisors	105,687	90,712
Hyperion Asset Management	86,831	95,643
QIC Inflation Plus	126,307	131,348
Macquarie Funds Management	87,595	86,655
Pimco	65,186	117,877
Lazard	88,519	90,285
Stone Harbour	51,384	50,780
K2 Advisors	70,534	66,158
Vanguard	150,028	140,653
Bridgewater	67,680	67,204
QIC Fixed Interest	218,416	212,796
Artisan Emerging Markets	46,587	40,953
Brigade	52,314	50,916
Palisade	18,820	-
AMP Capital Wholesale Office Fund	32,522	-
Schroder Global Bond Fund	59,690	-
	1,404,073	1,311,248
JP Morgan Cash Account	1,667	1,343
Cash held directly by the Corporation	38,024	45,250
	1,443,764	1,357,841

All investments were held on behalf of the Corporation by the Master Custodian, JP Morgan Investor Services Limited. For the year ended 30 June 2015, the gross return on the investment of funds was 7.5% (2014: 12.5%).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT.)	**2015 $'000**	2014 $'000
Sector exposure		
Australian Fixed Interest	**344,723**	344,144
Overseas Fixed Interest	**124,876**	117,877
Australian Equities	**262,945**	272,583
Overseas Equities	**302,303**	272,317
Alternatives	**260,731**	235,059
Property	**108,495**	69,268
Cash and cash equivalents	**39,691**	46,593
	1,443,764	1,357,841

8. PROVISIONS	**2015 $'000**	2014 $'000
Provision for reimbursements – Current	**142,478**	114,276
- Non-Current	**1,078,183**	1,096,381
	1,220,661	1,210,656
Balance at beginning of year	**1,210,656**	1,080,564
Reimbursement paid to coal mining employers	**(162,124)**	(122,831)
Increase in provision	**172,129**	252,923
Balance at end of year	**1,220,661**	1,210,656

The Corporation recognises that there will be a contingent asset arising in respect of the Transitional Service Review applications yet to be funded however was unable to quantify this amount with any reasonable certainty at balance date (see also Note 10).

9. EQUITY POSITION

For the year ended 30 June 2015 there is a surplus in net assets of $224.7m (2014: $145.4m). This surplus is a result of increased revenues over expense during the year, partly offset by an increase in liabilities due to an increase in the number of eligible employees' and employers' in the Black Coal Mining Industry and, revised estimates of the provision for reimbursements (note 1.2, 8).

10. CONTINGENT ASSETS

The Corporation is currently undertaking a Transitional Service Review ("TSR") which was established in line with the changes to the Coal Mining Industry (Long Service Leave) Legislation Amendment Act 2011.

The provision of this Act provides that "Eligible Employees" and "Former Employees" can make application to the Coal Mining Industry (Long Service Leave Funding) Corporation for recognition of period or periods of employment service between 1 January 2000 and December 2011 in the Black Coal Mining Industry that may not be presently recognised and recorded by the Corporation.

The Corporation has not recognised levies attributable to those employers of "Eligible Employees" and "Former Employees" that previously did not contribute to the Corporation. At balance date the amounts that would be receivable are not reliably measurable.

11. RELATED PARTY DISCLOSURES

The Directors of the Corporation during the year were:

- Mr. Arthur Weston – Chairman (Reappointed 1 March 2012 for a 4 year term)
- Mr. Steven Reynolds (Resigned 31 December 2014)
- Mr. Kieren Turner (Resigned 20 June 2015)
- Mr Bradley Neven (Appointed 14 April 2015 for a 4 year term)
- Mr. Andrew Vickers (Reappointed 26 July 2013 for a 4 year term)
- Mr. Grahame Kelly (Resigned 18 Jun 2015)
- Mr Glenn Hall (Appointed 30 May 2013 for a 4 year term)

Other than where noted, Directors held their positions for the full year.

12. ECONOMIC DEPENDENCY

The Corporation is economically dependent upon continued funding by appropriation of moneys out of the Consolidated Revenue Fund of the Commonwealth of Australia derived from levies made on the Black Coal Mining Industry.

13. FINANCIAL INSTRUMENTS

a) Statement of Terms, Conditions and Accounting Policies

Financial Instruments	Accounting Policies	Terms and Conditions
(i) Financial Assets are recognised when control over the future economic benefits is established and the amount of the benefit can be reliably measured. Investments consist of short term deposits, fixed interest securities, equities, unit trusts, forward foreign exchange contracts and futures contracts.		
Cash and Cash Equivalents	Cash deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Funds are placed on deposit at call with the Corporations bankers and custodian. Refer to Interest Rate Risk table.
Fixed Interest securities	Long term interest bearing securities held at a fixed or indexed interest rate are valued at net fair value. Interest is credited to revenue as it accrues.	Refer to Interest Rate Risk table.
Receivables and Other Assets	Receivables and Other Assets Recognised at face value adjusted for impairment.	Usually settled within 30 days.
Equities	Equities are recognised at fair value	The shares held are ordinary shares.
Unit Trusts	Unit Trusts are recognised at fair value.	Investments are held in Units.
Fixed interest futures	Recognised at fair value.	Usually settled in the short term. Used to manage risk exposures.
(ii) Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.		
Payables	Recognised at their nominal amounts as it approximates fair value.	Settlement net 30 days.

13. FINANCIAL INSTRUMENTS (CONT.)	Floating $'000	Fixed Interest $'000	Non-interest bearing $'000	Total $'000
b) Interest Rate Risk				
30 Jun 15				
Cash & Cash Equivalents	**39,691**	**–**	**–**	**39,691**
Equity Investments	**–**	**–**	**86,831**	**86,831**
Unit Trusts	**–**	**–**	**1,317,242**	**1,317,242**
Receivables and Other Assets	**–**	**–**	**2,014**	**2,014**
Total Financial Assets	**39,691**	**–**	**1,406,087**	**1,445,778**
Trade and other Payables	**–**	**–**	**460**	**460**
Total Financial Liabilities	**–**	**–**	**460**	**460**
30 Jun 14				
Cash & Cash Equivalents	46,593	–	–	46,593
Equity Investments	–	–	94,157	94,157
Unit Trusts	–	–	1,215,056	1,215,056
Receivables and Other Assets	–	–	932	932
Total Financial Assets	46,593	–	1,310,145	1,356,738
Trade and other Payables	–	–	605	605
Total Financial Liabilities	–	–	605	605

c) Credit Risk Exposures

Credit risk is defined as "the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation."

The Corporation's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of financial position.

The Corporation has no significant exposures to any concentrations of credit risk. All figures for credit risk referred to do not take into account the value of any collateral or other security.

The Corporation has counterparty credit procedures in place and the exposure to credit risk is monitored on an ongoing basis in accordance with the Policy.

13. FINANCIAL INSTRUMENTS (CONT.)	2015 $'000	2014 $'000
d) Categories of Financial Instruments		
FINANCIAL ASSETS		
Amortised cost		
Cash and cash equivalents	**39,691**	46,593
Fair value through profit or loss		
Equity securities	**86,831**	94,157
Unit Trusts	**1,317,242**	1,215,056
Loans and receivables		
Loans and receivables	**2,014**	932
	1,445,778	1,356,738
FINANCIAL LIABILITIES		
Amortised cost		
Payables	**460**	605
	460	605
Carrying value of Net Financial Assets	**1,445,778**	1,356,133
Less Provisions	**1,220,661**	1,210,656
Carrying value of Net Assets per statement of financial position	**224,657**	145,477

e) Liquidity Risk

Liquidity risk is defined as the risk that the Corporation will not be able to settle or meet its obligations on time or at a reasonable price. The Corporation adopts an active cash management strategy.

The Corporation's investment portfolio allocation profile is determined by the Board in conjunction with advice from external professional investment consultants and the Investment Committee. It is structured to ensure sufficient funds are held in investments that can be converted to cash to meet its obligations as they fall due. Equities, other Listed Securities, Cash and Short-term debt securities constitute the significant component of the Corporation's financial instruments. The liquidity risk of Unlisted Securities is managed through holding a diversified portfolio of assets with known investment horizons, different expected exit dates, and ensuring the total exposure of this class is maintained at a level whereby forced sales will not be required.

The Investment Committee is charged with the monitoring of liquidity and the Board with the overall responsibility for liquidity funding, as well as settlement management.

f) Market Risk

Market risk is defined as "the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices" and includes interest rate risk, foreign currency risk and "other price risks." Other price risks are further defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market."

The Corporation's overall market positions are monitored via the investment consultant performance report on a monthly basis and evaluated annually based on rolling three and five year results. There has been no change to the Corporation's exposure to market risks or the manner in which it manages and measures the risk from 2014 to 2015.

(i) Currency Risk

The Corporation derives its revenue streams principally in Australian dollars. Payments to overseas denominated currency sources for the supply of goods and services provided to the Corporation is considered immaterial and as such foreign exchange risk in these transactions is considered insignificant.

The currency risk demonstrates the sensitivity to a reasonably possible change in the AUD/Trade Weighted Index with all other variables held constant, on the Corporation's Profit and Loss and the Corporation's Equity. For the year ended 30 June 2015 the Corporation has no direct exposure to currency risk (2014: None).

The Corporation undertakes certain investment transactions denominated in foreign currencies, hence it is exposed to the effects of exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. This exchange rate exposure is managed in line with the Corporation's investment policies. The Corporation's overall policy in foreign currency risk management remains unchanged from the previous reporting period.

(ii) Interest Rate Risk

Interest rate risk is the risk that the realisable value of a financial instrument will fluctuate due to the changes in market interest rates. The Corporation's exposure to the risk of changes in market interest relates primarily to long-term investments with floating interest rates.

The Corporation's interest rate risk arises from the investment in cash, fixed and floating interest and short term money market securities. The portfolio is fully invested in AUD denominated securities.

At 30 June 2015, if interest rates decreased/(increased) by volatility per sector as shown in the table below, with all other variables held constant, operating result and equity would have been $40 thousand higher/(lower) (2014: $47 thousand higher/(lower)).

13. FINANCIAL INSTRUMENTS (CONT.)

Volatility Factor	+	-
30 June 2015 Australian Cash	**0.10%**	0.10%
30 June 2014 Australian Cash	**0.10%**	0.10%

Impact on Surplus/Total Equity	$'000	$'000
30 June 2015	**40**	**40**
30 June 2014	47	47

(iii) Other Price Risk

The following table demonstrates the sensitivity to a reasonable possible change in market prices, with all other variables held constant.

Volatility Factor 30 June 2015	+ %	+ $'000	- (%)	- ($'000)
Australian Fixed Interest	1.2%	4,137	1.2%	4,137
Overseas Fixed Interest	0.5%	624	0.5%	624
Australian Equity securities	19.9%	52,778	19.9%	52,778
International Equity securities	16.8%	50,787	16.8%	50,787
Alternatives	6.2%	16,097	6.2%	16,097
Property	16.5%	17,975	16.5%	17,975
Volatility Factor 30 June 14				
Australian Fixed Interest	1.4%	4,818	1.4%	4,818
Overseas Fixed Interest	0.7%	825	0.7%	825
Australian Equity securities	19.8%	53,972	19.8%	53,972
International Equity securities	17.7%	48,200	17.7%	48,200
Alternatives	5.3%	12,511	5.3%	12,511
Property	16.5%	11,429	16.5%	11,429

Impact on Net Surplus/Total Equity	+ $'000	- ($'000)
30 June 2015	**142,398**	**142,398**
30 June 2014	131,755	131,755

g) Fair value measurement recognised in the statement of financial position

AASB 13 requires enhanced disclosure about fair value measurement. The standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Corporation. The Corporation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Financial instruments which are classified as level 2 investments comprise unlisted unit trust investments which are valued based on the net realisable value provided by the investment manager. The investment manager determines the value based on the fair value of the underlying investments of the Fund.

The following table outlines the Corporation’s classification of investments.

13. FINANCIAL INSTRUMENTS (CONT.)

Financial assets/ financial liabilities	Fair value as at 30 June 2015 $'000	Fair value as at 30 June 2014 $'000	Fair Value Hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equities	86,831	94,157	1	Quoted bid prices in an active market.	N/A	N/A
Unit trusts	1,298,422	1,215,056	2	Derived from inputs other than quoted prices	N/A	N/A
Unit trusts	18,820	–	3	The unit price is derived from the value of the underlying investments which have been valued on estimated future cash flows and discount rates.	– Future cash flows of the underlying investments – Discount rates – An increase/ (decrease) of 17.4% in the unit price (reasonably possible change) would increase/ (decrease) the fair value of the investment by $3.3m.	An increase in the future cash flows would increase the fair value of the investment. An increase in the discount rate would decrease the fair value of the investment.

(i) Transfers between levels

There were no transfers between levels during the year.

14. EVENTS OCCURRING AFTER THE REPORT PERIOD

There have been no specific events subsequent to 30 June 2015 that had the potential to significantly affect the ongoing structure and financial activities of the entity which would impact on the financial position as at 30 June 2015 or the results of the Corporation for the year ended on that date.

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